

December 10, 2004

Ms. Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

**RE: Boston Edison Company and Commonwealth Electric Company, d/b/a
NSTAR Electric, D.T.E. 04-85 (NEA)**

Dear Secretary Cottrell:

Pursuant to the procedural schedule adopted in this proceeding, the Attorney General submits this letter as his response to the Initial Brief filed by Boston Edison Company ("Boston Edison") and Commonwealth Electric Company, d/b/a NSTAR Electric (the "Company") on December 3, 2004.

In his Initial Brief, the Attorney General argued that "[i]f prices in the Company's FERC testimony are in current dollars and the LICAP prices for 2011 and beyond are based on an average of all the years actually calculated by the Company, and the incremental LICAP value is based on the difference between the Global capacity prices and the FERC testimony prices expressed as dollars per kW, the economics of the restructured contracts are negative." Attorney General's Initial Brief, p. 12. The calculations that support this argument are enclosed with this letter are attached as Appendix A-1, A-2 and A-3.¹ See Attorney General's Initial Brief, p. 12, n. 17.

The Company's Initial Brief does not include any additional issues that require comment and so the Attorney General will not submit a reply brief.² The Department should reject the

¹ The Attorney General has also attached similar calculations to show the effects of the incremental LICAP value on the Dartmouth, Docket D.T.E. 04-78, (Appendices B-1 and B-2), MASSPOWER, Docket D.T.E. 04-61, (Appendix C) and Ocean State Power, Docket D.T.E. 04-68, (Appendix D) contracts and that the significant impact on the savings analysis is not unique to the NEA contracts.

² Silence by the Attorney General in regard to any arguments in the Company's brief should not be interpreted as assent. The Attorney General reserves his right to respond to any Company Reply Brief. G.L. c. 30A § 11(1).

Company's petition because the Company has failed to establish that, by entering into the proposed Bellingham Execution Agreement, it has met the maximum mitigation requirement of the Restructuring Act.

Sincerely,

Colleen McConnell
Assistant Attorney General

cc: Service List